

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1989 – HB 2154

April 23, 2018

SUMMARY OF ORIGINAL BILL: Reduces the number of reasons, for which a non-participating manufacturer (NPM) would be excluded from the Tobacco Product Manufacturing Directory (TPMD), for failure to pay an escrow payment governed by the Master Settlement Agreement (MSA).

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – This legislation could subject non-participating manufacturers (NPMs) to a rate adjustment, and as a result, a recalculation of Master Settlement Agreement (MSA) payments made by participating members due to their loss of market share to NPMs. The extent and timing of any rate adjustment is subject to arbitration and cannot be reasonably determined; however, any such rate adjustment is estimated to result in a significant recurring decrease of MSA payments to the state.

SUMMARY OF AMENDMENT (017701): Deletes all language after the enacting clause. Directs the Tennessee Advisory Commission on Intergovernmental Relations to perform a study of the Department of Revenue's (DOR) use of Tenn. Code Ann., Title 67, Chapter 4, Part 26, to exclude or remove an escrow-compliant non-participating manufacturer (NPM) or brand family, or both, owned by the NPM from the directory of approved tobacco product manufacturers in Tennessee based on the failure of an unrelated, third-party NPM to make required escrow payments on prior sales of the brand family by the unrelated NPM in Tennessee, and to determine the necessity for any such enforcement action by the DOR either under the provisions of the tobacco master settlement agreement or for the purpose of limiting an adverse impact to state revenues, if any. This study must be conducted from TACIR's existing resources. On or before March 1, 2019, TACIR is required to report its findings and recommendations to the Finance, Ways and Means Committees of the Senate and the House of Representatives, the Fiscal Review Committee of the General Assembly, and the Office of the Legislative Budget Analysis.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

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Assumption for the bill as amended:

- The TACIR can perform the study, as required by the bill as amended, and report its findings to the appropriate legislative committees, utilizing existing resources without any additional appropriation or a reduced reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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